



## *Community Benchmarks*

### *How does Shoreview compare?*

September 2012

City of Shoreview, Minnesota  
4600 Victoria Street North  
Shoreview, MN 55126

## Introduction

Comparisons of taxes and spending among cities are a topic of interest as the City moves through the annual budget process. Benchmark comparisons are assembled for metro-area cities closest to Shoreview in size (using population levels), and for peer cities that generally receive high quality-of-life ratings from citizens in their respective community surveys.

The comparisons are useful to illustrate how taxes and spending compare to Shoreview, as well as to evaluate how Shoreview's ranking changes over time. This document provides a summary of the information in preparation for the annual budget hearing.

Statistical information is derived from two key sources:

1. League of Minnesota Cities (LMC) publishes a report each fall on City property values, tax levies, tax rates and state aid for the current year. The most recent report provides 2012 data.
2. Minnesota Office of State Auditor (OSA) publishes a report in the spring on final City revenue, spending, debt levels and enterprise activity for two years earlier. The most recent OSA report provides 2010 data.

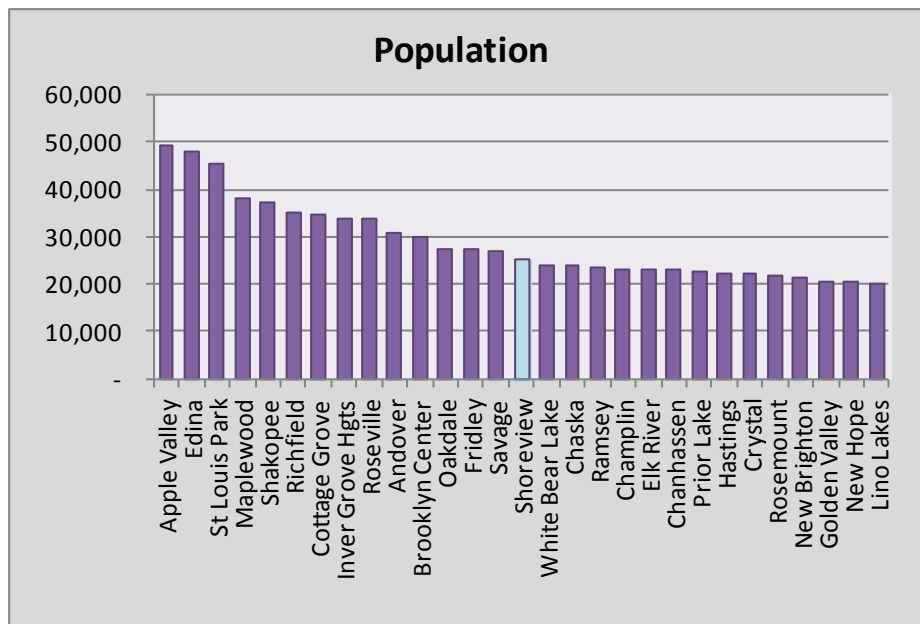
Shoreview uses both the LMC and OSA information to assemble two sets of data:

1. Comparison Cities - to illustrate how Shoreview ranks in relation to metro-area cities with population levels closest to Shoreview by selecting 14 cities larger and 14 cities smaller. These are cities with populations between 20,000 and 50,000.
2. MLC Cities - to illustrate how Shoreview ranks in relation to cities belonging to the Municipal Legislative Commission (MLC).

The 16 peer cities represented by the Municipal Legislative Commission (MLC) provide important comparisons because these cities have achieved high quality-of-life rankings from their residents in their respective community surveys, and they are often recognized as having sound financial management. In fact, most of the 16 cities have AAA bond ratings, as does Shoreview.

Population

The graph below contains the 2011 population for each of the comparison cities. By design, Shoreview falls exactly in the middle. A similar graph with population levels for MLC cities is presented on page 13.



# City-Share of Property Taxes

The 2012 City-share of property taxes for a \$235,700 home (Shoreview's median value) is illustrated in the graph below. Shoreview ranks 5th lowest at \$731, and is about 24% below the average of \$961. It should be noted that for property tax purposes, the home value is reduced from \$235,700 to \$219,673 due to market value exclusion (MVE).



## Tax Levy Ranking

Shoreview's tax levy rank has improved in the last 10 years in relation to comparison cities. For instance, in the year 2002 Shoreview ranked 18, and has dropped 2 positions to rank 20 in 2012. Shoreview's tax levy was 21.2% below the average of comparison cities in 2002, compared to 23.7% below the average for 2012.

2002		
Rank	City	Levy
1	Edina	\$16,990,739
2	Apple Valley	15,157,362
3	St. Louis Park	14,272,112
4	Golden Valley	10,682,329
5	Richfield	10,231,685
6	Maplewood	9,645,563
7	Brooklyn Center	9,503,505
8	Inver Grove Hgts	8,922,888
9	Roseville	8,922,740
10	Cottage Grove	8,466,017
11	New Hope	7,488,634
12	Chanhassen	6,742,474
13	Rosemount	6,735,846
14	Savage	6,614,823
15	Oakdale	6,607,519
16	Hastings	6,576,242
17	Shakopee	6,500,394
18	Shoreview	5,979,013
19	Lino Lakes	5,902,284
20	Crystal	5,644,690
21	Andover	5,626,617
22	Fridley	5,613,258
23	Champlin	5,256,896
24	New Brighton	5,162,859
25	Elk River	5,118,217
26	Prior Lake	4,805,197
27	Ramsey	4,623,388
28	White Bear Lake	4,307,701
29	Chaska	2,051,788
Average		\$ 7,591,475
Shvw to Avg		-21.2%

2012		
Rank	City	Levy Before MVHC Cuts
1	Edina	\$25,641,719
2	St Louis Park	23,763,589
3	Apple Valley	20,223,318
4	Maplewood	17,167,391
5	Richfield	16,981,362
6	Golden Valley	16,410,340
7	Inver Grove Hgts	14,958,700
8	Shakopee	14,717,435
9	Savage	14,670,008
10	Roseville	14,137,295
11	Brooklyn Center	13,208,169
12	Cottage Grove	12,241,249
13	Hastings	11,746,070
14	Andover	10,448,972
15	Fridley	10,383,597
16	Rosemount	10,331,935
17	Elk River	10,275,572
18	Oakdale	9,880,974
19	Chanhassen	9,802,043
20	Shoreview	9,290,085
21	New Hope	9,229,295
22	Crystal	8,792,834
23	Ramsey	8,414,125
24	Prior Lake	8,285,601
25	Lino Lakes	8,227,487
26	New Brighton	7,289,559
27	Champlin	7,239,634
28	Chaska	4,880,331
29	White Bear Lake	4,665,427
Average		\$ 12,182,901
Shvw to Avg		-23.7%

## State Aid

Shoreview receives no local government aid (LGA) to help support the cost of City services. The table below shows the total LGA received by each comparison city, as well as the amount of LGA per capita. The highest city (on a per capita basis) is Crystal at \$65.69 of LGA per capita. Most comparison cities receive no LGA.

City	Local Govt Aid (LGA)	LGA Per Capita
Crystal	\$ 1,455,066	\$ 65.69
White Bear Lake	\$ 1,532,448	\$ 64.40
Richfield	\$ 1,218,346	\$ 34.58
Fridley	\$ 759,414	\$ 27.91
Brooklyn Center	\$ 411,378	\$ 13.67
New Hope	\$ 41,843	\$ 2.06
Chaska	\$ 37,441	\$ 1.58
Apple Valley	\$ -	\$ -
Edina	\$ -	\$ -
St Louis Park	\$ -	\$ -
Maplewood	\$ -	\$ -
Shakopee	\$ -	\$ -
Cottage Grove	\$ -	\$ -
Inver Grove Hgts	\$ -	\$ -
Roseville	\$ -	\$ -
Andover	\$ -	\$ -
Oakdale	\$ -	\$ -
Savage	\$ -	\$ -
Shoreview	\$ -	\$ -
Ramsey	\$ -	\$ -
Champlin	\$ -	\$ -
Elk River	\$ -	\$ -
Chanhassen	\$ -	\$ -
Prior Lake	\$ -	\$ -
Hastings	\$ -	\$ -
Rosemount	\$ -	\$ -
New Brighton	\$ -	\$ -
Golden Valley	\$ -	\$ -
Lino Lakes	\$ -	\$ -

## Tax Rates

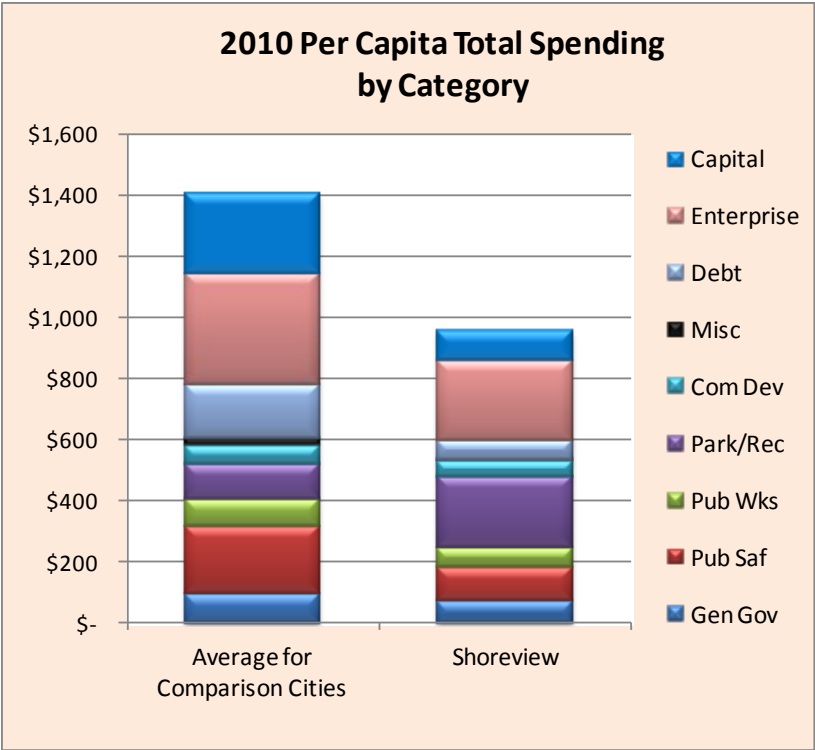
Tax rates provide a useful comparison because they measure both levies and values (the levy is divided by the taxable value to compute the tax rate). Shoreview's tax rate has remained relatively constant in the last 10 years, ranking 6th lowest in both 2002 and 2012. For 2012, Shoreview is about 22.4% below the average tax rate of 42.83%.

2002		
Rank	City	Tax Rate
1	Rosemount	59.55%
2	Hastings	58.66%
3	Brooklyn Center	57.71%
4	New Hope	53.79%
5	Lino Lakes	53.08%
6	Richfield	51.72%
7	Golden Valley	51.49%
8	Cottage Grove	47.41%
9	Apple Valley	45.94%
10	Inver Grove Hgts	45.23%
11	Elk River	43.60%
12	Crystal	43.36%
13	Champlin	42.36%
14	Oakdale	42.09%
15	Ramsey	41.58%
16	Prior Lake	39.89%
17	New Brighton	38.90%
18	St Louis Park	38.13%
19	Chanhassen	37.77%
20	Maplewood	35.44%
21	Savage	34.11%
22	Shakopee	33.98%
23	Andover	33.27%
24	Shoreview	30.40%
25	Fridley	29.99%
26	Roseville	29.41%
27	Edina	27.81%
28	White Bear Lake	27.37%
29	Chaska	19.84%
Average		41.17%
Shvw to Avg		-26.2%

2012		
Rank	City	Tax Rate
1	Hastings	66.08%
2	Brooklyn Center	64.36%
3	Richfield	60.81%
4	Golden Valley	55.80%
5	New Hope	55.11%
6	Crystal	51.34%
7	Savage	51.12%
8	Elk River	47.59%
9	Rosemount	46.99%
10	Inver Grove Hgts	45.36%
11	Ramsey	44.17%
12	Apple Valley	44.11%
13	Maplewood	44.06%
14	St Louis Park	43.87%
15	Lino Lakes	42.89%
16	Andover	42.26%
17	New Brighton	41.43%
18	Cottage Grove	41.29%
19	Champlin	41.20%
20	Fridley	39.62%
21	Oakdale	39.25%
22	Shakopee	36.66%
23	Roseville	33.45%
24	Shoreview	33.25%
25	Prior Lake	29.74%
26	Chanhassen	28.52%
27	Edina	26.25%
28	Chaska	25.49%
29	White Bear Lake	19.94%
Average		42.83%
Shvw to Avg		-22.4%

# Total Spending Per Capita

Data obtained from the OSA each year helps Shoreview compare total spending per capita. The graph below contrasts the average spending per capita in 2010 for comparison cities along side the per capita spending in Shoreview. Shoreview's total 2010 spending is about \$954 per capita, which is about 32% below the average of \$1,395.



## Spending Per Capita by Activity

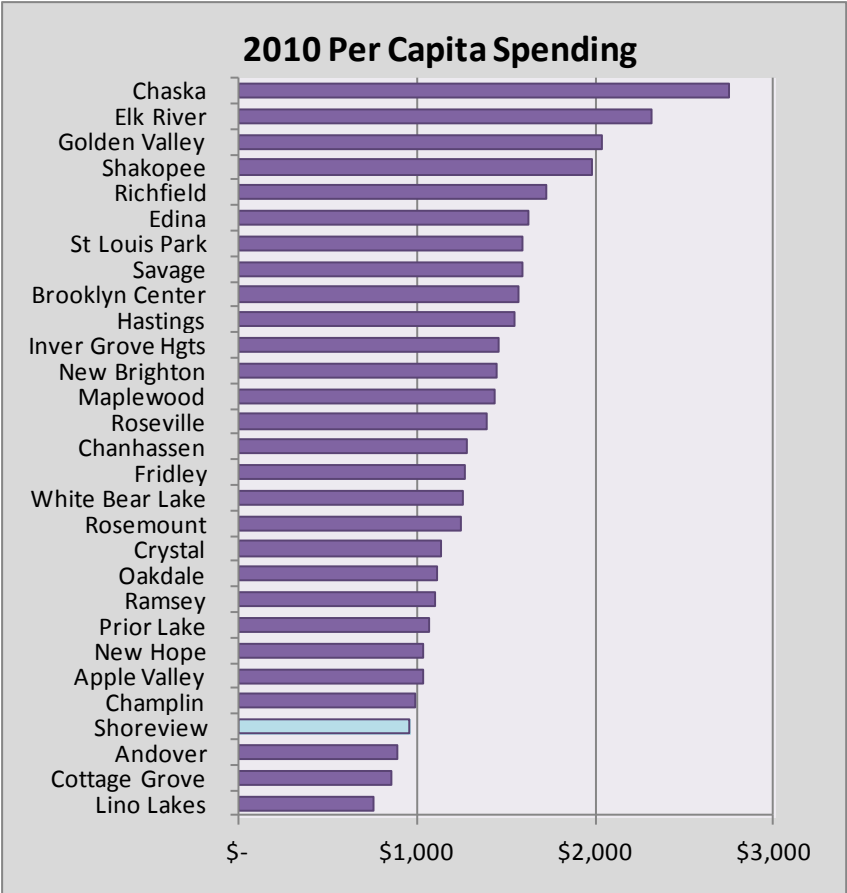
When reviewing spending in more detail, Shoreview is below average in all activities except parks and traditional utility operations (water, sewer, storm and street lighting).

- Parks and recreation spending is higher in Shoreview due to the Community Center and Recreation Program operations (largely supported by user fees and memberships).
- Utility spending is higher due to differences in how cities account for storm sewer and street light operations. For instance, some cities support these operations with property tax revenue.
- Public safety spending in Shoreview is the lowest for all comparison cities, at \$111.96 per capita, due to the efficiencies gained by contracting for both police and fire protection.
- Debt payments are 63% below average in Shoreview due to lower overall debt balances.

2010 Per Capita Spending	Average	Shoreview	Shoreview to Average	
			Dollars	Percent
General government	\$ 94.20	\$ 69.47	\$ (24.73)	-26.3%
Public safety	220.10	111.96	(108.14)	-49.1%
Public works	88.88	62.59	(26.29)	-29.6%
Parks	114.90	233.38	118.48	103.1%
Commun devel/EDA/HRA/Housing	60.29	52.61	(7.68)	-12.7%
All other governmental	16.29	3.44	(12.85)	-78.9%
Water/sewer/storm/st lights	232.08	259.75	27.67	11.9%
Electric	109.76	-	(109.76)	-100.0%
All other enterprise operations	22.65	-	(22.65)	-100.0%
Debt payments	175.20	65.17	(110.03)	-62.8%
Capital outlay	260.67	95.54	(165.13)	-63.3%
Total All Funds	\$ 1,395.02	\$ 953.91	\$ (441.11)	-31.6%

The graph below shows total 2010 spending per capita (spending divided by population) for all comparison cities. Spending levels range from a high of \$2,754 in Chaska to a low of \$760 in Lino Lakes.

Shoreview ranks 4th lowest at \$954 per capita, and is 32% below the average of \$1,395.



## Revenue Per Capita by Source

Shoreview is below average for every revenue classification in 2010 except charges for service and traditional utility revenue, and is about average for tax increment. Recreation program fees and community center admissions and memberships cause Shoreview to collect charges for service revenue well above average. Shoreview is 2nd lowest for special assessments and state aid (from all sources combined), while remaining more than 17% below average in property taxes.

2010 Per Capita Revenue	Average	Shoreview	Shoreview to Average	
			Dollars	Percent
Property tax	\$ 417.95	\$ 345.37	\$ (72.58)	-17.4%
Tax increment (TIF)	74.33	77.29	2.96	4.0%
Franchise tax	16.61	11.31	(5.30)	-31.9%
Other tax	1.62	0.59	(1.03)	-63.6%
Special assessments	50.90	8.32	(42.58)	-83.7%
Licenses & permits	26.42	20.01	(6.41)	-24.3%
Federal (all combined)	22.84	0.36	(22.48)	-98.4%
State (all combined)	64.22	15.15	(49.07)	-76.4%
Local (all combined)	14.09	2.38	(11.71)	-83.1%
Charges for service	123.71	209.55	85.84	69.4%
Fines & forfeits	8.46	1.31	(7.15)	-84.5%
Interest	17.37	5.34	(12.03)	-69.3%
All other governmental	32.20	8.00	(24.20)	-75.2%
Water/sewer/storm/street lighting	229.86	263.75	33.89	14.7%
Electric enterprise	118.84	-	(118.84)	-100.0%
All other enterprise	27.57	-	(27.57)	-100.0%
Total Revenue per capita	\$ 1,246.99	\$ 968.73	\$ (278.26)	-22.3%

The combined results for property tax and special assessments is striking because Shoreview's long-term strategy for the replacement of streets shifts a greater burden for replacement costs to property taxes and utility fees, and away from special assessments. Shoreview's Comprehensive Infrastructure Replacement Policy states that "the City, as a whole, is primarily responsible for the payment of replacement and rehabilitation costs".

Shoreview's policy further states "the maximum cost to be assessed for any reconstruction and/or rehabilitation improvements is limited to the cost of added improvements", meaning property owners pay for an improvement only once via assessments. This practice is uncommon among comparison cities.

In order to achieve this result, Shoreview estimates replacement costs for a minimum of 40 years and identifies the resources (tax levies and user fees) necessary to support capital replacement costs well in advance. To comply with the policy requirements, Shoreview prepares an annual Comprehensive Infrastructure Replacement Plan (CHIRP).

This practice would seem to suggest that property taxes would be significantly higher in Shoreview to generate the resources needed to fund capital replacements, yet the tables and graphs provided on previous pages in this document illustrate that Shoreview remains not only competitive but ranks consistently lower than comparison cities.

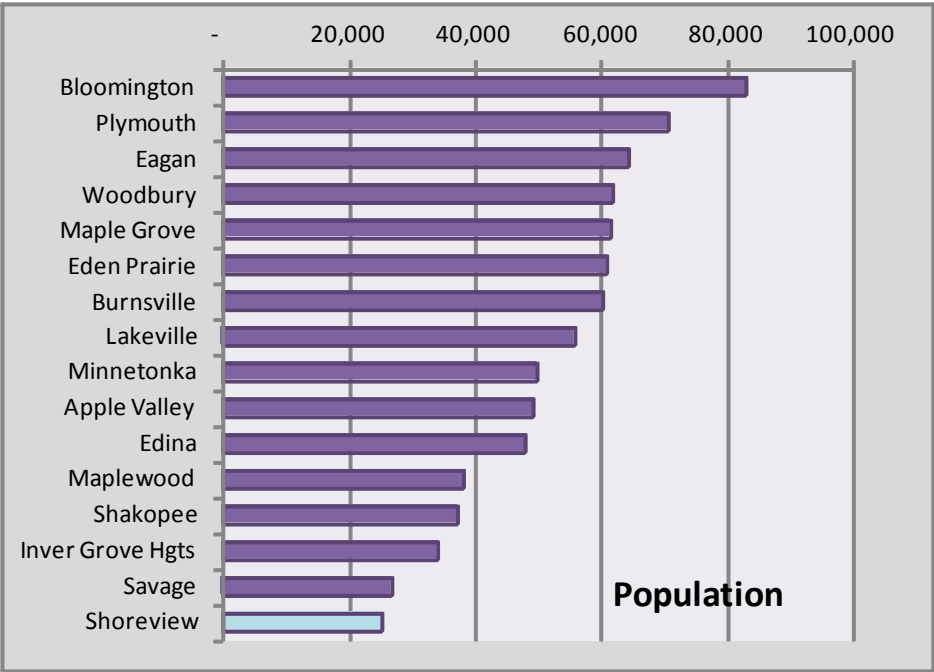
- Shoreview's 2010 spending per capita ranks 4th lowest
- Shoreview's assessment collections per capita are 2nd lowest among comparison cities
- Shoreview's share of the 2012 property tax bill, on a home valued at \$235,700, is 5th lowest
- Shoreview receives no state aid (LGA) to help pay for city services and reduce the property tax burden
- Shoreview's tax rate has remained stable and low in relation to comparison cities, ranking 24th among comparison cities in 2012 and in 2002

In short, Shoreview's long-term capital replacement planning has allowed the city to keep pace with replacement needs, and strongly limit the use of assessments while keeping property taxes lower than most comparison cities.

## Comparison to MLC Cities

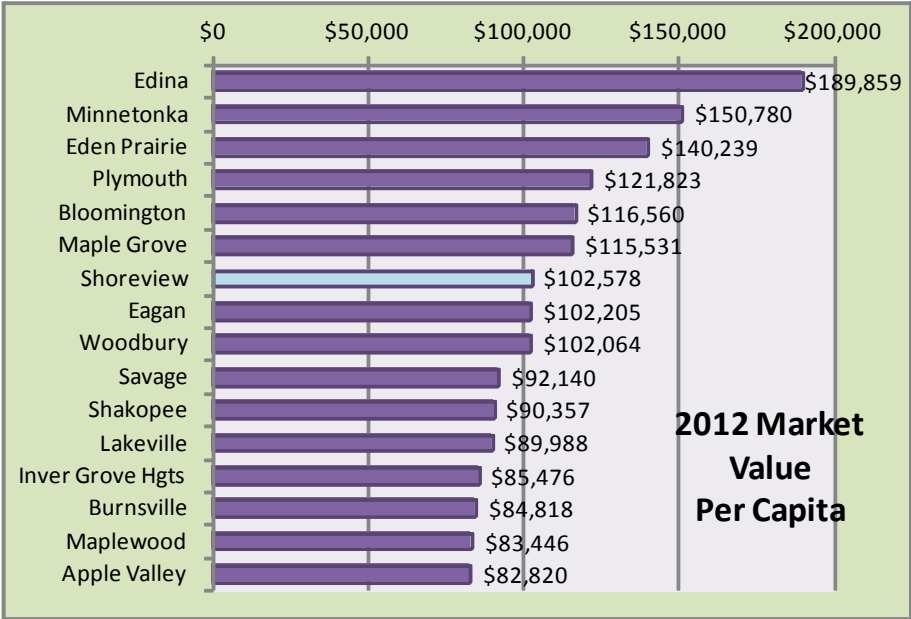
Comparisons for the 16 cities belonging to the Municipal Legislative Commission (MLC) provide an important comparison because these peer cities generally achieve high quality-of-life rankings from their residents in their respective community surveys, and are often recognized as having sound financial management (and most have AAA bond ratings, like Shoreview).

Shoreview has the smallest population in the group, and is roughly half the average for the group.



Market Value comparisons are most useful when viewed on a per capita basis, because the geographic size and total market value of each community can vary greatly. For instance, Bloomington has the highest total market value at \$131.9 million followed by Edina with total market value of \$83.0 million. Once the value is divided by population, Edina ranks highest at \$189,859 of value per resident, while Bloomington ranks 5th at \$116,560.

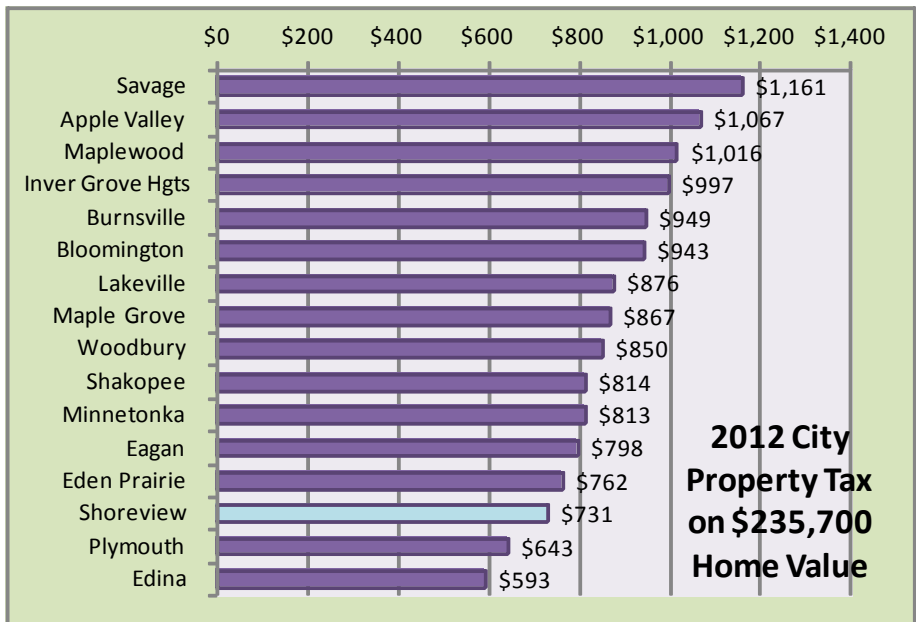
The graph below presents market value per capita for each MLC city. Shoreview is near the middle of the group (about 6.2% below the average of \$109,418).



Property Tax by Component Unit comparisons are perhaps the most revealing because taxes are compared for each type of component unit (i.e. city, county, school district and special districts).

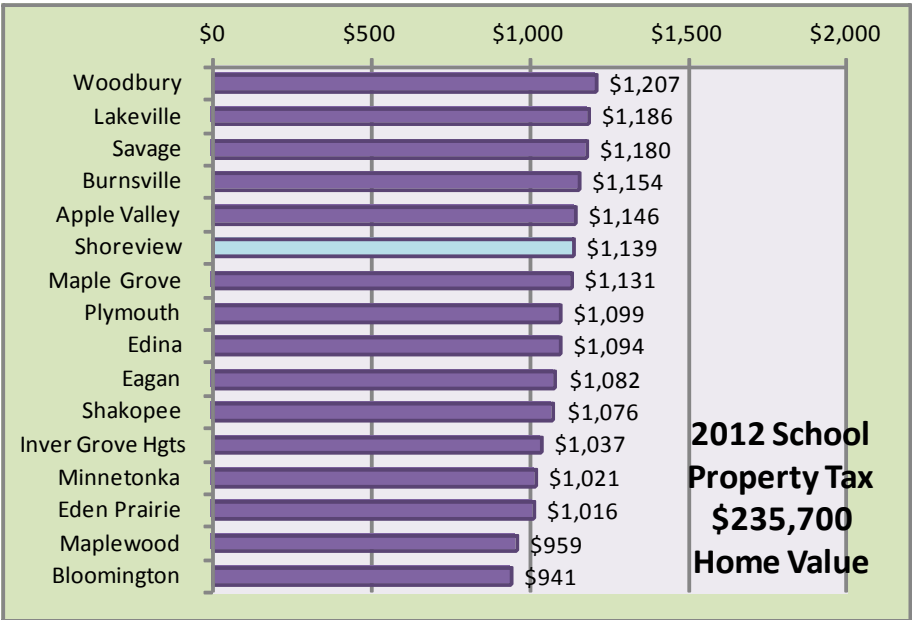
The next 5 graphs compare property taxes by the type of taxing jurisdiction, starting with the city share of the tax bill.

City taxes are presented below for a home valued at \$235,700 (Shoreview’s median value). Shoreview ranks 3rd lowest at \$731, compared to a high of \$1,161 in Savage, and a low of \$593 in Edina. The average City tax for MLC cities is \$867.



School District property taxes are presented in the table below. It should be noted that the estimate for Shoreview assumes that the property is located in the Mounds View school district. Since MLC cities are located throughout the metro area, this illustration provides a comparison for a variety of school districts.

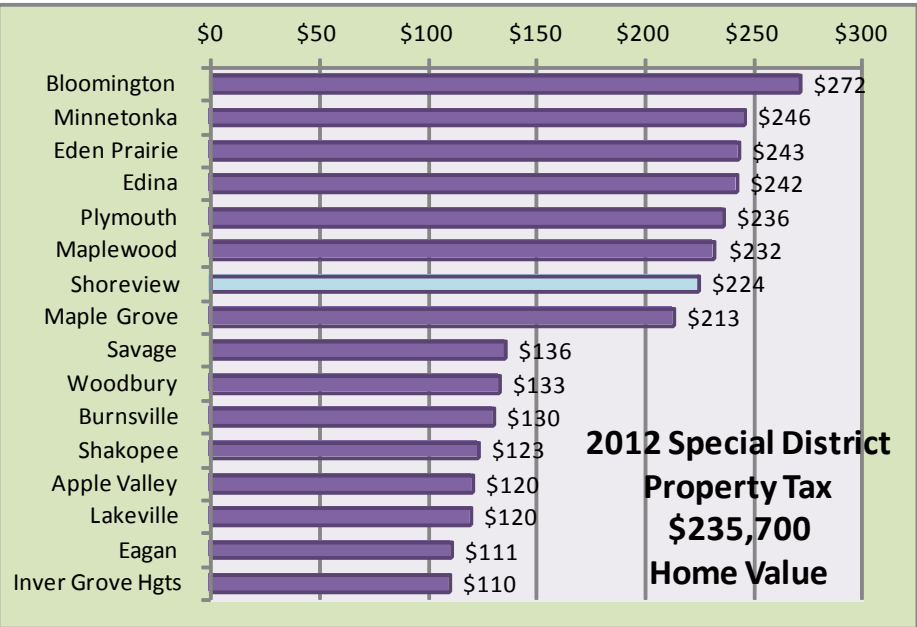
Property taxes in the Mounds View school district rank about 4% above the MLC city average.



Special Districts also vary throughout the metro area, depending on the watershed districts and local housing districts in each City. In Shoreview, special districts include the Regional Rail Authority, Metropolitan Council, Mosquito Control, Rice Creek Watershed and the Shoreview HRA. The special district tax bill in Shoreview breaks down as follows:

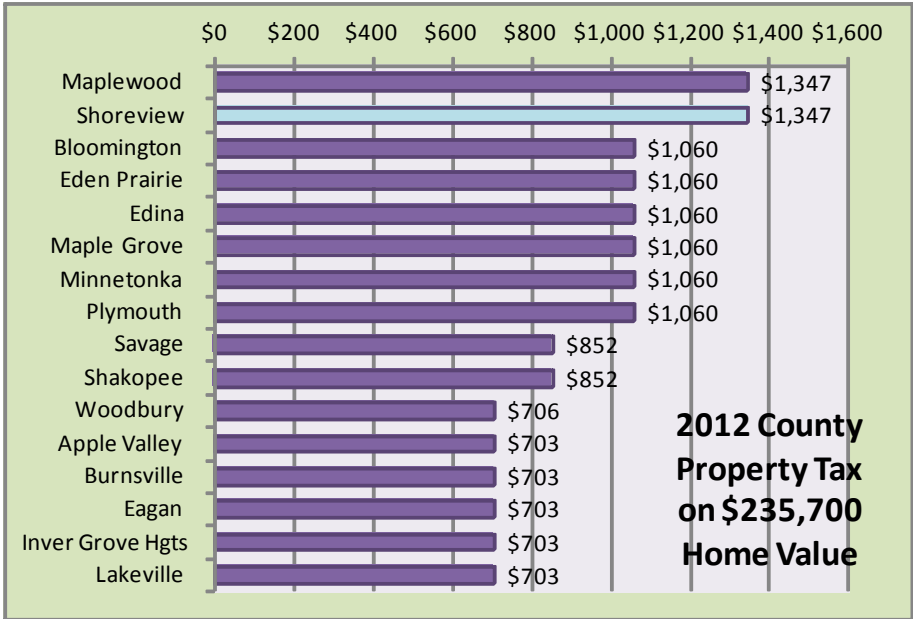
Regional Rail	\$ 95
Metropolitan Council	59
Mosquito Control	12
Rice Creek Watershed	52
Shoreview HRA	<u>6</u>
Total Special District Tax	\$224

The graph below presents an estimate for combined special district property taxes in each City. In Shoreview, the combined tax for these districts ranks 24% above the average of \$181.

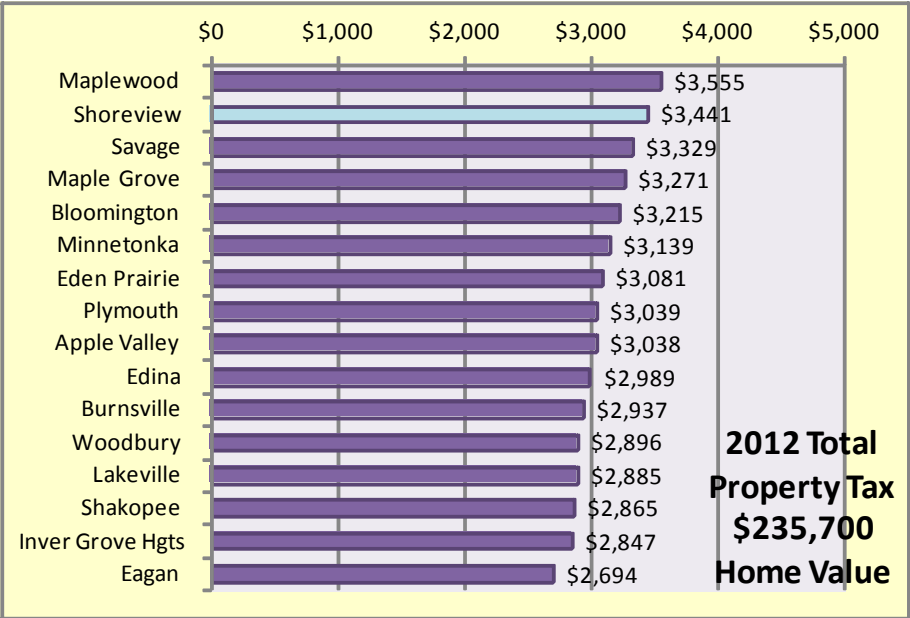


County property taxes have the largest variance from the highest cities to the lowest cities.

- Ramsey County taxes are \$1,347, the highest for MLC cities. Cities in Ramsey County include Maplewood and Shoreview.
- Hennepin County cities are \$1,060, second highest for MLC cities (including the cities of Bloomington, Eden Prairie, Edina, Maple Grove, Minnetonka and Plymouth).
- Scott County taxes are \$852 (including the cities of Savage and Shakopee).
- Washington County taxes are \$706 (Woodbury).
- Dakota County is lowest at \$703 (including the cities of Apple Valley, Burnsville, Eagan, Inver Grove Heights and Lakeville).



Total taxes in Shoreview (for all taxing jurisdictions combined) rank 2nd highest among MLC cities (see graph below).



To further put the difference into perspective, the table below provides a side-by-side comparison of the total tax bill in Shoreview compared to the total tax bill in Eagan (the lowest MLC city). For the same value home, county property taxes are \$644 higher in Shoreview, school district taxes are \$57 higher, special district taxes are \$113 higher and City taxes are \$67 lower.

Jurisdiction	Shoreview	Eagan	Difference
County	\$ 1,347	\$ 703	\$ 644
School District	1,139	1,082	57
City	731	798	(67)
Special Districts	224	111	113
Total	\$ 3,441	\$ 2,694	\$ 747

## Summary

Additional information on the City's budget, tax levy and utility rates will be made available in late November on the City's website and at city hall through two other informational booklets:

- Budget Summary
- Utility Operations

The budget hearing on the City's 2013 Budget is scheduled for December 3, 2012 at 7:00 p.m., in conjunction with the first regular Council meeting in December.

Adoption of the final tax levy, budget, capital improvement program and utility rates is scheduled for December 17, 2012 (the second regular Council meeting in December).

This document was prepared by the City's finance department.

